

Message

From: McGonagle, Kevin [mcgonagle.kevin@epa.gov]
Sent: 5/24/2017 2:11:53 PM
To: StClair, Christie [StClair.Christie@epa.gov]; Hull, George [Hull.George@epa.gov]; Millett, John [Millett.John@epa.gov]; Grundler, Christopher [grundler.christopher@epa.gov]; Bunker, Byron [bunker.byron@epa.gov]; Cook, Leila [cook.leila@epa.gov]; Cohen, Janet [cohen.janet@epa.gov]; Wehrly, Linc [wehrly.linc@epa.gov]; Birgfeld, Erin [Birgfeld.Erin@epa.gov]; Richards, David [Richards.David@epa.gov]; Mylan, Christopher [Mylan.Christopher@epa.gov]; Sutton, Tia [sutton.tia@epa.gov]; Birgfeld, Erin [Birgfeld.Erin@epa.gov]; Starfield, Lawrence [Starfield.Lawrence@epa.gov]; Shinkman, Susan [Shinkman.Susan@epa.gov]; Brooks, Phillip [Brooks.Phillip@epa.gov]; Caballero, Kathryn [Caballero.Kathryn@epa.gov]; Meisenbach, Caitlin [Meisenbach.Caitlin@epa.gov]; Kane, Rebecca [Kane.Rebecca@epa.gov]; Senn, John [Senn.John@epa.gov]; Haman, Patricia [Haman.Patricia@epa.gov]; Levine, Carolyn [Levine.Carolyn@epa.gov]; Kane, Eleanor [kane.eleanor@epa.gov]; Aguilar, Victor [aguilar.victor@epa.gov]; Valentine, Julia [Valentine.Julia@epa.gov]; Cozad, David [Cozad.David@epa.gov]; AO OPA OMR CLIPS [AO_OPA_OMR_CLIPS@epa.gov]
Subject: Reuters: U.S. government sues Fiat Chrysler over excess emissions, 5/24/17

Reuters

<http://www.reuters.com/article/us-fiat-chrysler-emissions-idUSKBN18J28F>

U.S. government sues Fiat Chrysler over excess emissions

By David Shepardson 5/24/17 9:05 AM

The U.S. government filed a civil lawsuit on Tuesday accusing Fiat Chrysler Automobiles NV of illegally using software to bypass emission controls in 104,000 diesel vehicles sold since 2014.

The U.S. Justice Department lawsuit, filed in U.S. District court in Detroit, is a procedural step that may ramp up pressure on Fiat Chrysler and comes amid growing scrutiny of diesels by regulators around the world.

The lawsuit could ultimately help lead to a settlement, as in an earlier probe of Volkswagen AG that will cost VW up to \$25 billion, but which affected a much larger number of vehicles.

VW admitted to intentionally cheating while Fiat Chrysler denies wrongdoing.

It said on Tuesday it was disappointed the Justice Department filed suit and would vigorously defend itself against claims "it engaged in any deliberate scheme to install defeat devices to cheat U.S. emissions tests."

U.S.-listed Fiat Chrysler shares fell 4.1 percent to close at \$10.32 in heavy trading on Tuesday. Shares fell sharply after Reuters first reported the government's plan to file suit.

The lawsuit also names Fiat Chrysler's unit VM Motori SpA, which designed the engine in question. Reuters reported last week the Justice Department and EPA have obtained internal emails and other documents written in Italian that look at engine development and emissions issues that raise significant questions. The investigation has scrutinized VM Motori.

The suit said VM employees from Italy worked at Fiat Chrysler's Michigan headquarters on engine calibration and air emission issues.

FCA acquired a 50 percent stake in VM Motori in 2010 and the remainder in October 2013.

The lawsuit asserts the Italian-American automaker placed undeclared "defeat devices," or auxiliary emissions controls, in 2014-2016 Fiat Chrysler diesel vehicles that led to "substantially" higher than allowable levels of nitrogen oxide, or NOx pollution, which is linked to smog formation and respiratory problems.

The lawsuit asks a court to require Fiat Chrysler to fix the vehicles and bar it from selling vehicles with excess emissions as well as unspecified civil penalties. EPA said in January the maximum fine is about \$4.6 billion.

Fiat Chrysler faces a separate criminal investigation on the same emissions issue by the Justice Department and probes by the U.S. Securities and Exchange Commission and many U.S. states.

In January, EPA and California accused Fiat Chrysler of illegally using undisclosed software to allow excess diesel emissions in 104,000 U.S. 2014-2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks.

The company plans to update software which it expects will resolve the concerns of U.S. regulators about excess emissions in those vehicles.

The January notice was the result of regulators' investigation of rival Volkswagen, which prompted the government to review emissions from all other passenger diesel vehicles.

Volkswagen admitted in September 2015 to installing secret software allowing its cars to emit up to 40 times legal pollution levels.

In total, VW has agreed to spend up to \$25 billion in the United States to address claims from owners, environmental regulators, states and dealers and offered to buy back about 500,000 polluting U.S. vehicles.

Fiat Chrysler has applied for certification to sell 2017 diesel models from U.S. and California regulators and said it was in talks to win approval for a software update to address regulators' concerns about emissions in vehicles on the road.

U.S. Judge Edward Chen in San Francisco set a Wednesday hearing on a series of lawsuits filed by owners of vehicles and some dealers against Fiat Chrysler. The Justice Department has asked its suit be transferred to the same court.

A "defeat device" is any motor vehicle hardware, software, or design that interferes with or disables emissions controls under real-world driving conditions, even if the vehicle passes formal emissions testing.

Automakers around the world are facing diesel scrutiny.

German prosecutors searched Daimler AG sites on Tuesday as part of a diesel fraud probe.

Earlier this month, Daimler dropped plans to seek U.S. approval to sell 2017 Mercedes-Benz diesel models.

Environmentalists say the case shows regulators must hold automakers accountable. "Fiat Chrysler joins the long list of automakers who have put our clean air and health of our families in the backseat by cheating on emissions tests," Sierra Club Executive Director Michael Brune said in a statement.

Kevin McGonagle
Office of Media Relations Intern
U.S. Environmental Protection Agency

Telephone: (202)-564-4524
mcgonagle.kevin@epa.gov